

VZCZCXRO3329  
RR RUEHDBU RUEHFL RUEHKW RUEHLA RUEHROV RUEHSR  
DE RUEHLJ #0418/01 1731359  
ZNY CCCCC ZZH  
R 221359Z JUN 07  
FM AMEMBASSY LJUBLJANA  
TO RUEHC/SECSTATE WASHDC 5925  
INFO RUEHZL/EUROPEAN POLITICAL COLLECTIVE  
RUEHPS/USOFFICE PRISTINA 0155  
RHEHNSC/NSC WASHDC  
RUEAIIA/CIA WASHDC  
RUEHNO/USMISSION USNATO 1142  
RUEKDIA/DIA WASHDC

C O N F I D E N T I A L SECTION 01 OF 04 LJUBLJANA 000418

SIPDIS

SIPDIS

EUR/NCE AHENDERSON AND MNORDBERG, USDOC/ITA CRUSNAK

E.O. 12958: DECL: 06/23/2017

TAGS: [PREL](#) [EUN](#) [PINS](#) [EINV](#) [MOPS](#) [ECON](#) [PHUM](#) [ETRD](#) [PGOV](#)

SI

SUBJECT: COM'S JUNE 14 LUNCH WITH PRIME MINISTER JANSKA

Classified By: CDA MCOLEMAN FOR REASONS 1.4(b) AND 1.4(d)

¶1. (C) Summary: At a lunch hosted by Prime Minister Janez Janska for COM June 14, the Ambassador urged Slovenia to exert strong leadership during its upcoming EU Presidency (January-June, 2008). Janska discussed themes for the Presidency, warned about the potentially explosive situation in Kosovo, and stated that his Government would be willing to extend the deployment of two Slovenian military trainers in Iraq as long as any new billets are similar to the jobs currently held by Slovenes at NTM-I. On domestic issues, Janska pointed to progress on economic reforms, decried the red tape that is delaying completion of property denationalization, and opined that further outreach to local authorities in western Slovenia would facilitate final agreement on the pending \$1 billion Harrah's entertainment/casino investment project. On human rights issues, Janska said the Government is pushing for a constitutional law to resolve the issue of the "erased," and he denied that the Government exerts any pressure on media freedom. End summary.

¶2. (C) On June 14, Prime Minister Janez Janska invited COM to lunch to discuss a range of multilateral, bilateral and domestic topics. Also attending were the PM's Foreign Policy Advisor, Gasper Dovzan, and DCM. The Ambassador informed Janska that he plans to depart post at the end of August. He also described his effort to raise money for the International Fund for Demining (ITF) by soliciting donations as he walks across Slovenia on the E-6 hiking trail. He invited Janska to join him in completing one of the last segments of the route. The PM said he would like to do it.

-----  
EU Presidency: COM Urges Strong Slovenian Leadership  
-----

¶3. (C) The Ambassador remarked that one of his final speeches will be on the topic of Slovenia's EU Presidency. He said the eyes of the world will be on the first of the new EU expansion countries to hold the Presidency and that strong Slovenian leadership will be vital. COM urged the Government of Slovenia (GOS) not to define a successful Presidency as "surviving without making mistakes." On key issues such as EU expansion, intercultural dialogue and energy security -- the challenges Slovenia has identified as its priorities -- the GOS must strive to make real progress. COM noted that as a new member of the Human Rights Council, Slovenia should use its Presidency to speak up on behalf of those suffering from human rights abuses. He raised the example of Cuba, noting

that the common EU position will be revisited during Slovenia's Presidency in June 2008. As a person who was jailed in the fight for Slovenia's freedom, he remarked, Jansa should be a vocal advocate for advancing human rights.

14. (C) The PM concurred and turned the discussion to the management of specific EU issues. He thought that the Portuguese would exercise good leadership, focusing on Africa and the Lisbon strategy. He predicted that it would fall to Slovenia, in close cooperation with France, to deal with the difficult EU constitutional issue. He warned that the EU needs to find a resolution before 2009, when EU Parliamentary elections will be held and political pressures will likely block further progress. Jansa suggested that in comparison with Portugal, Slovenia has some advantages going into its Presidency. Slovenia is almost at the same level of development as Portugal, but enjoys a 7 percent rate of growth this year as opposed to Portugal's 1 percent.

-----  
Kosovo: GOS Concerned that EU Members Don't Understand Facts on the Ground  
-----

15. (C) Jansa expressed strong concern about what will happen in Kosovo in the fall if Russia blocks the UN Security Council resolution. He said that conditions on the ground are explosive -- Pristina is filled with unemployed youth and there is no authority there that can control the situation. The PM remarked that his other European "colleagues" don't fully comprehend these facts and he claimed that Slovenia is working to increase understanding, especially among central and eastern European countries. COM asserted that this

LJUBLJANA 00000418 002 OF 004

effort is critical and that if Russia vetoes, there is a possibility that the U.S. will recognize Kosovo as an independent state, and it will be vital that the EU is with us. Jansa agreed that "Plan B" is only workable if both sides are united. The PM shrugged off any concern about an implicit Serbian threat to break off relations with Slovenia if it recognizes Kosovo. He said that he would like to visit Slovenian troops in Kosovo in conjunction with an official visit to Serbia, but right now nothing is certain.

-----  
Military Cooperation: COM Urges Slovenia to Keep Trainers in Iraq  
-----

16. (C) The Ambassador raised the issue of the two Slovenian military trainers currently deployed in Iraq. Noting that their tours of duty are over in August, he urged the GOS to maintain its commitment to fill those two billets by sending a rotation of two new trainers and to find other suitable billets to fill so that Slovenia maintains its presence with the Coalition in Iraq. COM argued that though Slovenia's numbers are small, the symbolism of their being part of the effort to stabilize Iraq is very important. Jansa responded that if Slovenian soldiers could be assigned to similar missions, then they could stay in Iraq without the need for a new GOS approval. He noted, however, that the arrangements have to be completed soon. The Ambassador said we would raise this again at NATO. (Note: Four Slovenian police trainers were deployed to NTM-I in February 2006. In February 2007, SHAPE revised its troop needs at NTM-I and cut 25 billets, including two held by Slovenes. The two Slovenes currently at NTM-I arrived in February 2007 and will depart, after a six-month rotation, in August. End Note.)

17. (C) COM also discussed the recent visit of a U.S. military delegation to Ljubljana to advance U.S.-Slovene science and technology cooperation. He reported that the visiting team had had met with Slovene military officers, private research and development companies, and had a productive visit to Slovenia's premier scientific

organization -- the Jozef Stefan Institute. Now, he said, the next key step is to conclude a bilateral Master Information Exchange Agreement. Jansa listened intently and replied that he would look into this. COM stated that he would like to have an agreement by September. The PM mentioned that researchers at Jozef Stefan have apparently developed a device that can detect explosives in liquid, a discovery that could be of great practical use at airports. (Note: The U.S. military delegation was in fact briefed on such a detection device during their meetings.)

18. (C) COM asked Jansa about a recent comment by Defense Minister Erjavec that because of unexpectedly strong economic growth, GOS military expenditures would not rise to 2 percent of GDP until 2015. This represents a six-year delay from the target date of 2009 that Erjavec mentioned to former Secretary of Defense Rumsfeld at the Portoroz NATO

SIPDIS

Ministerial in September 2006. The PM professed not to know about the comment, and indicated that the Government has neither discussed the issue, nor does this represent the GOS position.

-----  
Bilateral Issues: COM Presses for Progress on Harrah's  
Project and Property Denationalization Cases  
-----

19. (C) Turning to bilateral issues, COM brought up the Harrah's entertainment center investment project -- worth nearly \$1 billion -- and thanked the PM for meeting with Harrah's CFO Chuck Atwood on June 5. He stressed that a lot of work still needs to be done to bring this deal to fruition, particularly public outreach and engagement with local officials and residents in the region of western Slovenia where the hotel and casino will be constructed. COM reported that local officials were worried about stress on local infrastructure and environment, labor force issues and possible loss of revenues due to the proposed lower taxes on the gaming sector. The GOS and Harrah's must work hard, he said, to convince locals of the many benefits of the project. Jansa agreed that intensive engagement is necessary.

LJUBLJANA 00000418 003 OF 004

10. (C) On property denationalization, COM acknowledged that a lot of progress has been made (78 percent of all American cases have been cleared), but he noted that about 100 cases involving Americans still have not been resolved. He underscored that those American claimants have been waiting for years and many of them are getting old. He raised the particularly egregious case of an American whose claim to land in Slovenia containing valuable sources of spring water has been shuttled back and forth between the courts and the Ministry of Interior for 14 years.

11. (C) Jansa responded that denationalization is "not the bright side of our country." He stated that when the denationalization law was passed in 1991, the goal was to complete the whole process in one year. Since then, he complained, the denationalization law has been amended ten times, and each time made more complicated, and it is very hard for the Government to do anything. At one point the Government tried to change the constitution to get more flexibility in handling cases, but it was not successful. He noted that in a few cases, procedures have been going on for 15 years over no more than two acres of land. Now the Government is pushing a law to streamline court reviews of denationalization cases so that they can't keep bouncing from lower to higher courts and back. The delays, he declared, are costly. Jansa maintained that Slovenia is now paying compensation for judicial delays in prior years.

-----

¶12. (C) Jansa expressed satisfaction that Slovenia's economic growth is robust and that unemployment is decreasing. He highlighted the example of the southern region of Slovenia where two years ago there was considerable unemployment and now companies are hiring Slovaks because of a shortage of local labor. He commented that the huge Slovenian pharmaceutical company Krka had seen its share value increase sevenfold since it posted its shares on the Slovenian stock market a few years ago. He also asserted that the GOS has steadily reduced the red tape that burdens businesses.

¶13. (C) Jansa then spoke of the challenges ahead: providing more flexibility in labor laws so that companies can get rid of bad workers; passing legislation to enable employees to work more overtime hours; and negotiating with labor unions to get agreement on longer validity visas for foreign workers. The PM noted that companies have dealt with some of these rigidities by offering workers only short-term contracts, but this hurts young employees by making it harder for them to get social security, loans and other benefits. Jansa was hopeful that the new law on overtime would be in place by December, though he acknowledged that in Slovenia it is always possible for opponents of controversial legislation to get enough signatures to force a national referendum on the issue.

¶14. (C) COM asked about progress on pension reform, asserting that down the road Slovenia would be dedicating a huge amount of its GDP to supporting retirees. Jansa explained that the GOS had introduced pension reform in 2000, and that this legislation increases the retirement age gradually until 2012. He doubted that there will be a serious budgetary impact until 2030 and that projections beyond that are artificial, because Slovenia's growth rate is not known. One underlying demographic problem, he noted, is that like in Sweden, women are having children late in their thirties.

¶15. (C) COM also raised the lingering human rights issue of the "erased," asking when Slovenia would regularize the status and compensation for people taken off residency rolls in February 1992. The Prime Minister responded that his Government is working to get a majority in the Parliament, negotiating now with the new splinter faction "Za Res," to pass a constitutional law so that these cases can be dealt with on a case by case basis. He hopes the legislation can be ready for Parliamentary deliberation this summer or fall. He recounted how this issue had been mismanaged in the past by the courts and complicated by public referenda, such that there is now no alternative to changing the constitution.

LJUBLJANA 00000418 004 OF 004

Jansa insisted that basically all of the "erased" now have legal status. The question is how to compensate them for lost benefits due to the number of years they were not registered as legal residents. The PM claimed that the GOS is ready to compensate anyone who can prove that he or she was actually resident in Slovenia during the years when they were stricken from the register. He said firmly that 95 percent of Slovenians oppose compensation for those who did not remain resident in Slovenia. (Note: International and local human rights groups estimate that there are 4,000 to 6,000 "erased" persons who have not yet obtained citizenship or permanent residence permits and many thousands more who have citizenship or residency but are still hoping to regain access to the social benefits they lost in the period between their "erasure" and when they regained legal status. Jansa's government first proposed a constitutional law on this issue in January 2006. See Ljubljana 00126 for a full background on the issue. End Note.)

¶16. (C) There was a brief discussion of the allegation that the GOS exerts undue pressure on the media through its ownership of blocks of shares in companies that in turn own media outlets. COM asked when the Government was going to completely divest its shares in the media so that such accusations can no longer be made. Jansa strongly denied any government influence on the media and said newspapers and other commercial news outlets are completely privately owned.

¶17. (C) At the end of the lunch, COM asked the PM for his thoughts on the Slovenian Presidential elections this fall. Jansa replied that it is unlikely that President Drnovsek will run again, though a last moment change of mind is always possible. He opined that it would be strange for the leader of the Social Democrats (SD), Borut Pahor, to run since SD reportedly opposes such a run. Jansa confirmed that his party, the Slovene Democratic Party (SDS), supports Lojze Petterle, who is a former Prime Minister (1990-92) and currently a representative of the European People's Party in the European Parliament.

¶18. (C) Comment: Prime Minister Jansa was confident and at ease during the lunch, and said he was looking forward to seeing COM again before he departs Slovenia. End Comment.  
COLEMAN